



**Statement of Connie Evans, President and CEO of the Association for Enterprise Opportunity**

**SBA Entrepreneurial Development Programs and the Role of Women's Business Centers in an Economic Recovery**

**Submitted to the  
U. S. House Committee on Small Business  
May 6, 2009**

**To the Honorable Nydia M. Velázquez, Chair, the Honorable Sam Graves, Ranking Member and the members of the House Committee on Small Business:**

Chairman Velazquez, Mr. Graves, members of the Committee, thank you for the opportunity to testify here today. I am grateful for your strong leadership and commitment to small business and entrepreneurial development. My name is Connie Evans and I am the President and CEO of the Association for Enterprise Opportunity, AEO, representing nearly 400 microenterprise development organizations across the country who have served over 2 million entrepreneurs.

Chairman Velazquez, I have been involved with enterprise development since the mid 1980s when I started one of the first microenterprise and micro loan programs in the country assisting urban women in Chicago to become business owners. I am very proud to say that we hosted the original architects of the legislation and was used as a model for designing the SBA Microloan program. I have personally seen how these programs unleash new economic activity and job creation in communities.

As the members of the Committee are well aware, there is a constant tension within the SBA between the intent of its financial assistance programs and the subsidy of the programs. The argument is that the microlending programs are too expensive, and the return limited. However, the facts of the SBA's microlending program prove this argument to be false. First, the International Labor Organization estimates that the return on investment in microenterprise development (through programs such as PRIME and the Women's Business Centers) ranges from \$2.06 to \$2.72 for every dollar invested. Second, the SBA microloan program as compared to other SBA lending programs reaches women, African American, Hispanic, and rural business owners in significantly greater percentages. For example, 48% of women are served by the SBA microloan program as compared to 18% by 7a. Third, these programs (WBC's and microenterprise development) serve low-income clients at least 67% of the time. These facts demonstrate that investment in microenterprise is both cost-effective and market effective, serving the communities and entrepreneurs most in need. We contend that these dollars are an investment not a subsidy. Further, AEO estimates that 2.3 jobs are created annually per business served by the industry, at a cost of less than \$5,000 per job created or protected.

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Notwithstanding this record, it remains difficult for our clients, these small business owners, to receive the capital and technical assistance they need to sustain or grow current employment levels. The public investment in these businesses through the entrepreneurial development services

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of the SBA including the Women's Business Centers, SCORE, and the SBDC offices leads to strong business growth, job creation, and vibrant local economies. In our current economic crisis we need these programs to fulfill their intent, to provide assistance when traditional private institutions cannot do so at an affordable price, and to provide it to communities and people in need.

The country's Women's Business Centers (WBCs) are hubs of activity in urban and rural communities. The WBC's provide a unique service to women entrepreneurs with critical business education and access to market and capital resources. These inputs lead to business retention while creating and retaining thousands of jobs per year. In these unprecedented times, the WBCs are an important economic development tool for many communities.

It is the investment in Women's Business Centers and microenterprise development that allow nonprofit organizations to weave together an important base for business development and job creation. The Women's Economic Self-Sufficiency Team (WESST) is a 501(c)(3) organization, a microenterprise development agency and a Women's Business Center whose mission is to facilitate economic self-sufficiency through sustained self-employment in the state of New Mexico. Founded in 1988, WESST promotes entrepreneurial development by offering clients a comprehensive array of training, technical assistance and access to capital services targeted to both start-up and existing businesses. Since its inception 20 years ago, WESST has facilitated the start-up of 2,025 businesses, the creation of over 3,100 jobs and the provision of \$3.5 million in capital to 420 entrepreneurs.

In 2009, WESST opened the WESST Enterprise Center (WEC), a 37,000 square foot LEED-certified small business incubator in downtown Albuquerque. Once fully occupied, the WEC will house 18-22 growth-oriented businesses, each with the ability to create jobs for low and moderate income individuals.

When Krysia began making candles in her garage in 1998 she and her husband Greg could not envision that their company's annual sales would exceed \$5 million and employ 12 people just ten years later. Plenish is a women-owned, formally home-based, green business in Taos, New Mexico. The company makes organic, chemical free skin care products. In its earlier years the business was labeled a cottage industry – finding financial support was a problem. So Krysia contacted WESST to seek business consulting and financial assistance. After meeting with Krysia and Greg, the advisors at WESST found Plenish to be a promising and viable small business, granted them the first of several loans, and became a business mentor to her. In just six months, Plenish doubled the size of its facility and the business began to blossom.

Krysia's story is echoed throughout the country, and as the economy has collapsed, more and more individuals are seeking the refuge of owning their own businesses, finding hope in working for themselves, hiring a neighbor, and being a part of the renewed American economic engine.

Members of the Committee, you know that our nation's smallest businesses are the foundation of the American economy. Also known as microenterprises, these very small businesses with five or fewer employees create new jobs at an average of 900,000 per year; between the years of 2000-2006 they created 36% of all new jobs in our country, they increase the tax base, and lessen dependency on federal and state assistance. Historically, small business creation is counter-cyclical: when the economy is healthy and experiencing consistent growth, fewer people start their own business, but when economic conditions deteriorate and layoffs increase, individuals and families start their own businesses in increasing numbers.

It is at this moment when we must increase the investment in these businesses, by strengthening the vital federal programs that serve them, ensuring that the agencies who are implementing these services have the funds to keep their doors wide open and to provide critical technical assistance and access to capital. I call on the Committee today to silence the discussion about subsidy to these programs, and instead to move forward to strengthen these services, while maintaining appropriate oversight and insisting on the highest of standards as we serve the American people.

The Women's Business Centers serve a unique purpose. They are charged with providing access to capital, technical assistance in the form of financial literacy, business acumen, and market place awareness specifically but not exclusively to women entrepreneurs. The Centers work with other SBA agencies to address the needs of their clients, partnering with SCORE to provide high-level business coaching and mentorship, and in parallel with the SBDC's to ensure all members of the community have access to business plan development and assessment. AEO is in full support of H.R. 1838 and its intent to strengthen the Women's Business Centers, providing additional support, and improving communication.

Here is a second example of why the SBA investment in our communities is so important. Mary Langer of Wisconsin started her own business after 15 years in the real-estate industry. Serving Madison, Dane County and surrounding areas, Active Sign Installation introduced PVC plastic posts, which maintains its appearance through a Wisconsin winter better than traditional painted wood posts. With a loan from the Wisconsin Women's Business Initiative Corporation for equipment and working capital, and ongoing business assistance and mentorship, Active Sign celebrates its first year in business this spring. Starting a new business is risky, but it is also the American way. According to a 2009 Kauffman Foundation study funded by the U.S. Census Bureau, in severe recessions start-up companies like Active Sign Installation are major contributors to job creation.

This year the Wisconsin Women's Business Initiative Corporation (WWBIC) celebrates more than 21 years of entrepreneurship, opportunity and success. WWBIC is a nonprofit, statewide, economic development corporation with an emphasis on low-wealth individuals, women, and people of color. They provide direct loans and access to capital, quality business education, one-on-one business assistance, financial awareness and asset-building programs.

The achievements and success of this Women's Business Center emphasize the work that is done all over the country. To date, WWBIC has: directly financed more than 880 businesses, assisted in the creation of 2,900 jobs statewide, loaned nearly \$16 million to small business owners, and served more than 31,500 individuals. In 2008 alone, WWBIC assisted in the start-up, expansion and sustainability of more than 200 businesses impressively boosting the economy through the creation and retention of 500 jobs. Each WWBIC loan client created an average of 2.2 jobs and retained an average of 3.3 jobs. The WWBIC story emphasizes the need for strong entrepreneurial development services as many American's turn to business ownership to sustain their families.

The microenterprise development industry, including the Women's Business Centers, stands ready to partner with Congress in its mission to re-set and revitalize the economy. The industry works in America's most destabilized communities in terms of business sector and population. We work in rural, urban, and suburban environments, supporting those who need it most, including but not limited to: Veterans and families of Veterans, youth entrepreneurs, women, minorities, Native American Indians, refugee and immigrant communities, and differently abled entrepreneurs. One-third of our agencies have or are developing specialized services to ensure that our main street entrepreneurs capture opportunities in growth business sectors like green, organic and new energy.

The microenterprise development industry is uniquely qualified to work with emerging business sectors and populations with limited access to traditional educational and business resources. This unique positioning is supported by a strong national network of affiliates like the Association for Women's Business Centers, Statewide Microenterprise Associations, SCORE Offices, and the Small Business Development Center's who can deploy national resources to local communities where impact is matched with need.

My last story to emphasize the importance of your investment is Jacquelyn Swint, a single mother who came to The Edge Connection in Georgia in 2002. After being laid-off and suffering through short-term employment jobs, she decided to forego corporate America and set off on a journey of self-employment. Jacquelyn enrolled and graduated from Plan for Profit, an Edge Connection class. Subsequently, she formed her own business, Jazzy Fresh, Inc.

Jacquelyn utilized The Edge Connection's technical assistance services to build her marketing strategy and to expose her product in Georgia with a goal to expand throughout the east coast. Jazzy Fresh, Inc.'s sales grew dramatically, up to 25% per year for the first three years. In 2006, Jacquelyn received a DHL award through the DHL Cares Program. For six years the business consistently grew with revenues reaching a peak of \$63,000. However, with the downward trend of the economy Jacquelyn fears her business may not be as strong, but she also knows the Edge Connection will be there to support her, and to provide the entrepreneurial development services that she needs. Jacquelyn states, "My life has never been the same since coming to The Edge Connection. They gave me direction and support. They became my second family."

Let me conclude by clearly stating the gratitude that Jacquelyn and the microenterprise industry feel towards the Committee and the tremendous leadership of the Honorable Nydia M. Velázquez, who has from your very first days as a member of the House of Representatives stood strong and clear in your advocacy for women and minority owned businesses. We thank you for your tireless commitment to secure investment and opportunity for these businesses. AEO stands behind the services of the Women's Business Centers, SCORE, and the Small Business Development Centers. We applaud your support of H.R. 1838, along with your support of fully funding PRIME, and knowing that the SBA microloan and TA services along with the Entrepreneurial Development Service Centers discussed here today are an investment not a subsidy in the American Dream on Main Street and every street.

Thank you again for this opportunity. I would be happy to answer any questions at the appropriate time.